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BEFORE THE ARIZONA CORPORATION COMMISSION

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DOUG LITTLE – Interim Chairman
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VACANT

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE COMMISSION'S
INVESTIGATION OF VALUE AND COST OF
DISTRIBUTED GENERATION.

DOCKET NO. E-00000J-14-0023

PROCEDURAL ORDER
(Grants Interventions)

BY THE COMMISSION:

On December 3, 2013, the Arizona Corporation Commission (“Commission”) issued Decision No. 74202 in Docket No. E-01345A-13-0248. As part of that Decision, the Commission ordered that a generic docket be opened on net metering (“NM”) issues, and that workshops be held with all stakeholders to help inform future Commission policy on the value that distributed generation (“DG”) installations bring to the grid.¹ As a result, this docket was opened.

On October 20, 2015, at its regularly scheduled Open Meeting, in the course of considering Docket No. E-01345A-13-0248,² the Commission ordered that an evidentiary hearing be held in this generic docket to include, in addition to the value and cost of DG, cost of service issues related to Arizona Public Service Company’s (“APS’s”) provision of service to DG and non-DG customers.

On October 28, 2015, a Procedural Order was issued setting a procedural conference for the purpose of allowing interested parties to discuss procedural matters related to the evidentiary hearing.

The Procedural Order was mailed to then-existing parties to this docket,³ and also to all parties to Docket No. E-01345A-13-0248.

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Arizona Corporation Commission

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¹ Decision No. 74202 at 30.

² In the matter of the application of Arizona Public Service Company for approval of net metering cost shift solution. The Commission closed Docket No. E-01345A-13-0248 by Decision No. 75290 (October 27, 2015).

³ Parties granted intervention in this docket prior to the October 20, 2015 Open Meeting at which the evidentiary hearing was ordered include The Alliance for Solar Choice (“TASC”), Clean Power Arizona, Freeport Minerals Corporation (“Freeport Minerals”), and Arizonans for Electric Choice and Competition (“AECC”).

1 On November 4, 2015, the procedural conference convened as scheduled. Appearances were
2 entered through counsel for APS, Sulphur Springs Valley Electric Cooperative ("SSVEC"), The
3 Alliance for Solar Choice ("TASC"), Freeport Minerals Corporation ("Freeport Minerals"), Arizonans
4 for Electric Choice and Competition ("AECC"), Arizona Utility Ratepayer Alliance ("AURA"), the
5 Residential Utility Consumer Office ("RUCO"), Western Resource Advocates ("WRA"), the Vote
6 Solar Initiative ("Vote Solar"), Arizona Investment Council ("AIC"), Tucson Electric Power Company
7 ("TEP"), UNS Electric, Inc. ("UNSE"), and the Commission's Utilities Division ("Staff").

8 Attendees at the November 4, 2015, procedural conference discussed several procedural issues,
9 including appropriate means of providing public notice of this docket and the evidentiary hearing,
10 appropriate timeframes for the provision of documentation in preparation for the evidentiary
11 proceeding, and appropriate means for making the evidentiary record produced through this generic
12 hearing process available to specific ratemaking proceedings. A deadline for filing written comments
13 on procedural issues related to the evidentiary hearing was set for November 13, 2015.

14 On November 13, 2015, written comments were filed by APS, TEP, UNSE, Grand Canyon
15 State Electric Cooperative Association, Inc. ("GCSECA"), AIC, TASC, Vote Solar, AURA, RUCO,
16 and Staff.⁴

17 On December 3, 2015, following consideration of the oral and written comments received in
18 this docket regarding procedural issues related to the evidentiary hearing to be held in this docket, a
19 Procedural Order was issued governing procedural matters. The Procedural Order set the hearing to
20 commence on April 18, 2016, and set associated public notice requirements and testimony filing
21 deadlines. The Procedural Order granted pending intervention requests, and in consideration of the
22 purpose and subject of the evidentiary hearing in this docket, the Procedural Order joined all Arizona
23 jurisdictional electric utilities as parties to this proceeding.

24 On December 9, 2015, Chairman Bitter Smith's office filed a copy of an email letter received
25 from Mohave Electric Cooperative, Inc. ("MEC"), and on that same date, the Hearing Division
26 provided a copy of the email to all parties. The letter requested that MEC be excluded from this
27

28 ⁴ On November 24, 2015, Staff filed supplemental comments.

1 proceeding.

2 On December 14, 2015, GCSECA filed its Objection and Request for Clarification Re
3 December 3, 2015 Procedural Order. In its filing, GCSECA reiterated its position set forth in its
4 November 13, 2015 written comments. GCSECA stated its objection to the joinder of all Arizona
5 jurisdictional utilities as parties to this docket, and to the requirement that the utilities mail notice of
6 the hearing to all their customers. Additionally, GCSECA requested clarification regarding whether
7 and to what extent the record and findings in this docket will be binding on future ratemaking
8 proceedings.

9 On December 15, 2015, Chairman Bitter Smith's office filed a copy of an email received from
10 Duncan Valley Electric Cooperative, Inc. ("DVEC").

11 On December 15, 2015, Staff filed its Request for a Procedural Conference. Staff's filing
12 requested that a procedural conference be convened to discuss the issues raised in MEC's and
13 GCSECA's filings.

14 On December 16, 2015, Staff filed its Request for a Procedural Order. Staff's filing stated that
15 it had conferred with counsel for MEC and GCSECA, and Staff believed that further discussion might
16 lead to a satisfactory resolution of the issues they raised. Staff indicated continued support for the
17 requirement that customers of all electric companies regulated by the Commission receive notice of
18 this proceeding. Staff stated that it viewed the parties' level of participation in this proceeding, beyond
19 responding to data requests, to be subject to their discretion. Staff indicated that it did not believe the
20 December 13, 2015 Procedural Order's setting of deadlines for the prefiling of proposals and exhibits
21 required any entity to make a filing. In recognition of parties' stated concerns regarding the costs
22 associated with customer notice, Staff recommended suspension of the December 30, 2015 public
23 notice deadline, pending an opportunity for parties to suggest feasible customer notice deadlines.

24 On December 17, 2015, GCSECA filed its Response to Staff's December 16, 2015 Request for
25 Procedural Order. GCSECA joined in Staff's request for the suspension of the December 30, 2015
26 deadline for parties to mail public notice. GCSECA renewed its objection regarding joinder of all
27 jurisdictional electric utilities to this proceeding, and indicated that it believed a procedural conference
28 would be necessary to discuss issues related to the scope of the proceeding and the future applicability

1 of findings made in this docket. GCSECA proposed that its member cooperatives be afforded
2 flexibility to select the appropriate delivery method for notice based on their individual operational and
3 financial situations, such as sending bill inserts, publishing in their newsletters, or publishing in
4 newspapers of general circulation in their service territories. GCSECA proposed that the deadline for
5 completing notice be set for January 30, 2016. GCSECA proposed an alternative form of notice for its
6 members to provide.

7 On December 17, 2015, TEP and UNSE filed their joint Response to Staff's Request for
8 Procedural Order. TEP and UNSE stated that they had commenced mailing bill inserts for some
9 customers, and had arranged for direct mail to the remaining customers for which bill inserts would
10 not be possible under the current deadline time constraints. TEP and UNSE expressed support for
11 Staff's request for a suspension of the notice compliance deadline, because an extension of the deadline
12 would provide TEP and UNSE an opportunity to provide all customers the notice by bill insert, by
13 January 10, 2016, at a significant cost reduction compared to their planned partial direct mailing.

14 On December 17, 2015, the Hearing Division provided a copy to all parties of the December
15 15, 2015, email from DVEC filed in the docket by Chairman Bitter Smith's office.

16 On December 17, 2015, Navopache Electric Cooperative, Inc. ("NEC") filed a copy of its letter
17 to Chairman Bitter Smith, requesting that NEC be excluded from this proceeding. The letter stated that
18 NEC's Board had instructed that the letter be sent to Chairman Bitter Smith requesting that NEC: 1)
19 not be joined as a party to this proceeding; 2) not be required to send the ordered form of notice; and
20 3) not be required to send notice to all its members. The letter indicated NEC's support for the
21 Commission's decision to examine the cost and value of DG, and stated NEC would gladly share its
22 general thoughts either directly or through GCSECA during voluntary workshops.

23 On December 18, 2015, Arizona Electric Power Cooperative, Inc. ("AEPCO") filed a copy of
24 its letter to Chairman Bitter Smith. AEPCO stated that as a generation cooperative, it has neither retail
25 customers nor a net metering program, and does not believe it is a necessary or relevant party to this
26 docket.

27 On December 22, 2015, Commissioner Little filed a letter outlining his views regarding the
28 purpose of the evidentiary hearing, expected outcomes of the process, and parties' participation.

1 Commissioner Little's letter also enumerated some specific issues/questions he believes should be
2 addressed by participating parties.

3 On December 22, 2015, Morenci Water and Electric Company ("MWE") and Ajo Improvement
4 Company ("AIC") filed their Proof of Mailing and Comments Regarding December 3, 2015 Procedural
5 Order. MWE and AIC stated that they did not object to GCSECA's request to extend the deadline to
6 provide notice, or to the submission of an alternative form of notice to GCSECA member customers,
7 but that they both opposed any requirement that they make a second mailing to their own customers,
8 and would oppose requiring them to provide any alternative form of notice due to the additional costs
9 they would incur. MWE and AIC expressed agreement with Staff that no entity should be required to
10 submit any cost of service or value of solar study, or make any filing in this proceeding. MWE and
11 AIC stated that they lack the resources to submit any such studies by the deadlines set by the December
12 3, 2015 Procedural Order; that neither utility intends to take an active role in the proceeding; that neither
13 utility currently has a general rate case before the Commission; and that neither utility intends to file a
14 general rate case in 2016.

15 On December 22, 2015, Commissioner Little filed a letter to the docket outlining his views
16 regarding the purpose of the evidentiary hearing, expected outcomes of the process, and parties'
17 participation. Commissioner Little's letter also enumerated some specific issues/questions he believes
18 should be addressed by participating parties.

19 On December 23, 2015, a Procedural Order was issued extending the December 31, 2015 public
20 notice requirement deadline set by the December 3, 2015 Procedural Order to February 1, 2016,
21 extending the intervention deadline to February 19, 2016,⁵ widening the acceptable means of providing
22 public notice, and indicating that utilities could include their own individual introductory paragraphs
23 preceding the prescribed form of public notice.

24 On December 28, 2015, Columbus Electric Cooperative, Inc. filed a copy of a letter to
25 Chairman Bitter Smith requesting to be excused from participation in this docket, including public
26 notice requirements.

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⁵ A typographical error in the Procedural Order stated February 19, 2015.

1 The Commission's December 29, 2015 Staff Open Meeting Agenda included Agenda Item 1,
2 "Docket No. E-00000J-14-0023 - Commission discussion, consideration, and possible vote concerning
3 the requirements included in the December 3, 2015 Procedural Order that all Arizona jurisdictional
4 electric utilities be joined as parties to this docket and that all Arizona jurisdictional electric utilities
5 mail notice to their customers." The Commission discussed the item and took no vote.

6 On January 6, 2015, Commissioner Little's office filed a copy of a document used as a reference
7 in Commissioner Little's December 22, 2015 letter to the docket.

8 On January 8, 2015, Commissioner Forese filed a letter to the docket expressing his concerns
9 and requesting that the parties work to develop "win-win" methodologies and solutions.

10 Numerous public comments have been filed.

11 On January 8, 2015, Trico Electric Cooperative, Inc. ("Trico") filed its Certificate of Mailing
12 and Affidavit of Publication.

13 On January 11, 2016, Patricia Ferre and Nancy Baer each filed a Motion to Intervene.

14 On January 19, 2016, TEP and UNSE filed their Notice of Filing Certificate of Mailing.

15 On January 21, 2016, Graham County Electric Cooperative, Inc. ("GCEC") filed its Proof of
16 Public Notice of Hearing.

17 On January 21, 2016, DVEC filed its Affidavit/Certification of Customer Notice.

18 On January 22, 2016, APS filed its Proof of Publication of the required customer notice.

19 No objections to the pending Motions to Intervene have been filed. Accordingly, Ms. Ferre and
20 Ms. Baer should be granted intervention.

21 The Consent to Email Service completed by GCSECA on November 17, 2015, should be
22 approved.

23 IT IS THEREFORE ORDERED that Patricia Ferre and Nancy Baer are hereby granted
24 intervention.

25 IT IS FURTHER ORDERED that the Consent to Email Service completed by GCSECA to
26 receive service of all filings in this docket, including all filings by parties and all Procedural Orders
27 and Recommended Opinions and Orders/Recommended Orders issued by the Commission's Hearing
28 Division, via its designated email address rather than via U.S. Mail, are hereby approved.

1 IT IS FURTHER ORDERED that a party's election to receive service of all filings in this
2 matter via email does not change the requirement that all filings with the Commission's Docket
3 Control must be made in hard copy and must include an original and 13 hard copies.

4 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or
5 waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at a
6 hearing.

7 DATED this 25th day of January, 2016.

8 
9 TEENA JIBILIAN
10 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

11 Copies of the foregoing mailed/delivered
12 this 25th day of January, 2016 to:

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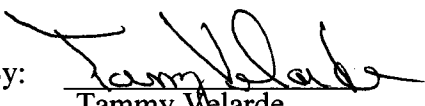
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